TD/B/42(2)/3
TD/B/WG.8/4

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Report of the Ad Hoc Working Group on Trading Opportunities in the New International Trading Content on its first session

held at the Palais des Nations, Geneva,
from 9 to 13 October 1995

UNITED NATIONS

Distr.
GENERAL

TD/B/42(2)/3
TD/B/WG.8/4
2 November 1995

Original: ENGLISH

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GE.95-53682 (E)

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INTRODUCTION

1. The Ad Hoc Working Group on Trading Opportunities in the New International Trading Context held its first session at the Palais des Nations, Geneva, from 9 to 13 October 1995. In the course of its session, it held six formal plenary meetings and eight informal meetings.

Introductory statements

2. The **Secretary-General of UNCTAD**, in his opening statement, said that trade had always been the raison d'être of UNCTAD and that, despite considerable changes in the world economy and the creation of WTO, UNCTAD still had a central role to play in all the fields that complemented WTO's work. It had to be demonstrated in practice that UNCTAD did make a difference in the international trading context.

3. The meeting of the Ad Hoc Working Group was intended to enhance the ability of developing countries and countries in transition to take advantage of the Uruguay Round Agreements. He stressed the importance of the Agreement on Agriculture as it had eliminated virtually all non-tariff barriers, bound all tariff rates in the sector and placed disciplines on support measures. It had also achieved a binding standstill and roll-back commitment and provided a firm basis for the continuation of the process to an open, market-based world agricultural economy. Similarly, the agreement to terminate the discriminatory and restrictive regime that had distorted world trade in textiles for over three decades and, in particular, penalized developing countries was one of the greatest successes of the Uruguay Round.

4. He pointed out, however, that while the overall result of the Uruguay Round in these specific areas was unequivocally positive, there might be many pitfalls facing the actual translation of the commitments into concrete trading opportunities. It was therefore necessary to identify the actions that were required to ensure that the opportunities presented by these Agreements were, in fact, realized.

5. Developing countries had participated in the Uruguay Round and had undertaken more stringent obligations in the belief that the longer-term gains would compensate for the short-term sacrifices. The fuller integration of developing countries, and of countries in transition, into the international trading system would therefore require that the momentum towards trade liberalization be continued and that any protectionist trends be countered by effective application of the WTO rules and disciplines by major trading partners. Substantial efforts would also be needed to identify trading opportunities resulting from the Agreements and to enable developing countries and countries in transition to take full advantage of such opportunities. They would need support for strengthening their institutions for trade policy formulation, coordination and implementation, for enhancing their negotiating capacities, for adapting their domestic trade legislation to the new international trading system and for obtaining access to trade information. With respect to the threat of marginalization for the least developed and net food-importing countries, he suggested that specific components of a safety-net mechanism would need to be established. In addition, supportive

measures would have to be devised to raise the level of competitiveness and export capacity. In this respect, more precise recommendations should be drawn up by the Ad Hoc Working Group.

6. Concerning the situation of non-WTO members, many of whom were going through the difficult process of transition to a market economy, these countries should be permitted to benefit from the opportunities of the Uruguay Round Agreements while their accession negotiations were under way.

7. UNCTAD had been called upon at Cartagena to carry out the important responsibilities of policy analysis and consensus-building in the area of international trade. With the conclusion of the Uruguay Round, and in light of the new issues that had arisen, the international community had entered a period where no consensus yet existed as to the appropriate course of action. The policy analysis and consensus-building process for the future was a continuous activity, taking place at the international, regional and national levels, in both official and non-governmental bodies. UNCTAD's role was to ensure that the development dimension did not get lost in this process. He was determined to ensure that UNCTAD would live up to its responsibilities, and he looked to the Group to provide guidance to the Conference in setting out UNCTAD's programme on trade matters for the next four years.

Chapter I

IDENTIFICATION OF NEW TRADING OPPORTUNITIES ARISING FROM THE IMPLEMENTATION OF THE URUGUAY ROUND AGREEMENTS IN SELECTED SECTORS AND MARKETS

(Agenda item 3)

ANALYSIS OF THE MODALITIES TO GIVE EFFECT TO THE DECISION ON SPECIAL PROVISIONS FOR THE LEAST DEVELOPED COUNTRIES AS CONTAINED IN THE FINAL ACT OF THE URUGUAY ROUND

(Agenda item 4)

8. For its consideration of these items, the Ad Hoc Working Group had before it the following documentation:

"An analysis of trading opportunities resulting from the Uruguay Round in selected sectors: agriculture, textiles and clothing, and other industrial products - report by the UNCTAD secretariat" (TD/B/WG.8/2 and Add.1) (agenda item 3);

"Translating Uruguay Round special provisions for least developed countries into concrete action: issues and policy requirements - report by the UNCTAD secretariat" (TD/B/WG.8/3 and Add.1) (agenda item 4);

"Implementation of the Uruguay Round Agreement on Agriculture by major developed countries" (UNCTAD/ITD/16) (English only);

"Preliminary analysis of opportunities and challenges resulting from the Uruguay Round Agreement on Textiles and Clothing: report by the UNCTAD secretariat" (UNCTAD/ITD/17) (English only);

"Opportunities for industrial products in major developed country markets" (UNCTAD/ITD/Misc. 37).

9. Introducing agenda item 3, the **Chief of the Systemic Issues Section, International Trade Division**, recalled that the secretariat had presented its assessment of the outcome of the Uruguay Round to the Trade and Development Board in September 1994. The Board had considered that more policy analysis was required, particularly in key sectors such as agriculture, textiles and clothing and services, with a view to making concrete proposals, and that the activities of the Ad Hoc Working Group on Trading opportunities in the New International Trading Context would be relevant to many of these issues. This had provided guidance for the secretariat in preparing the documentation for item 3. The secretariat's studies highlighted the concrete trading opportunities resulting from the tariff concessions in the Uruguay Round by both developed and developing countries. In the industrial sector, the application of the "zero for zero" approach had resulted in substantial tariff liberalization and an important increase in the proportion of trade enjoying duty-free entry, covering some products of interest to developing countries. In a number of sectors of interest to developing countries, however, reductions had been less than average and high tariffs and a degree of tariff escalation remained.

10. The opportunities deriving from the Agreement on Textiles and Clothing, which would phase out the Multi-Fibre Arrangement (MFA) over a 10-year period, would arise from the removal of product categories from quotas over the four stages, the growth rates which would enlarge the quotas until they were eliminated, particularly for small suppliers, and the removal of other GATT-inconsistent restrictions on imports of textiles and clothing. This would provide major market opportunities, including for many developing countries which were rapidly becoming important importers of textiles. The immediate opportunities might be limited by the fact that the importing countries had generally postponed the "integration" of those products actually subject to restriction to the latest possible date. Furthermore, unless countries exercised restraint in resorting to transitional safeguard measures, trading opportunities in the short run would be frustrated.

11. By converting frontier non-tariff barriers into tariff rates and binding all tariffs in this sector, and by setting ceilings and providing for specific reductions in domestic support and export subsidies, the Agreement on Agriculture constituted a binding standstill and roll-back of protection and provided a firm basis for future trade liberalization. Tariff reductions in certain sectors of interest to developing countries had been significant, and in general the elimination of non-tariff barriers and the binding of tariffs had provided greater transparency for traders. The reduction in domestic support and in export subsidies should provide market opportunities for efficient suppliers. However, the tariffs resulting from the tariffication process were usually prohibitively high, leaving as the main immediate opportunities the ones provided by the tariff quotas, the opportunities of which were mitigated by significant in-quota tariff rates and their allocation to specific suppliers under the "current market opportunity" provision. The modalities for implementation of even the most-favoured-nation (MFN) "minimum access opportunities" might give rise to difficulties for developing country suppliers. The tariff quota system and the system for the reduction of domestic support and export subsidization left room for manoeuvre by Governments in implementing their commitments. It was hoped that they would adopt the most liberal of the options left to them and those most favourable to imports from developing countries. The experience in the operation of the Agreement and the assessment of its economic impact would provide guidance as to the most propitious approach for developing new initiatives. Developing countries would have to study carefully the operation of the tariff quota systems of the main importing countries, while other approaches for liberalizing their trade, such as an extension of the GSP to agricultural products, covering both in-quota and above-quota rates, could be explored. Furthermore, the exclusion of non-WTO members from the integration programme on textiles and clothing and the tariff quotas on agriculture could cause difficulties.

12. Introducing agenda item 4, the **Chief of the Trading Opportunities and Market Access Unit, International Trade Division**, said that the secretariat report took into account the assessment of the outcome of the Uruguay Round carried out by the Trade and Development Board during the first part of its forty-first session. Governments had agreed that the least developed countries were likely to face particular problems in adjusting to the results of the Uruguay Round as a result of the erosion of preferential margins and difficulties in effectively implementing the Agreements. In addition, net-food-importing LDCs might experience negative effects in terms of the

availability of adequate supplies of basic foodstuffs from external sources on reasonable terms and conditions, including short-term difficulties in financing normal levels of commercial imports of basic foodstuffs. While noting that some of these problems had been addressed in the Final Act of the Uruguay Round, Governments had agreed that UNCTAD could usefully make proposals for translating the ministerial commitments into concrete action. In this context, the Board had indicated that UNCTAD should consider how such countries could benefit from a "safety net" to assist them in dealing with the transitional costs of adjustment. The General Assembly had also requested UNCTAD to make proposals for translating the Marrakesh ministerial commitments regarding the least developed countries and net-food-importing countries into concrete action.

13. The secretariat's report was structured in three parts. Part one reviewed the salient features of, and trends in, the trade of LDCs and analysed the trading opportunities for LDCs likely to arise from the implementation of the Uruguay Round Agreements. On the export side, an important conclusion was that trading opportunities were likely to be foregone on account of the erosion of the trade preferences which these countries currently enjoyed. Because of their weak export capabilities, many of these countries were likely to be unable to compete and would experience export losses. On the import side, because many of them were net food importers, a rise in world food prices would lead to a higher import bill.

14. The second part of the report analysed some of the special provisions for LDCs in the Final Act and discussed modalities for translating them into concrete actions. It had been recognized by the Marrakesh Ministerial Meeting that the flexibility and special provisions in favour of LDCs contained in the various Uruguay Round Agreements needed to be supplemented by other operational measures. Some of these measures were contained in the two ministerial decisions adopted at Marrakesh namely: the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on the Least Developed Countries and Net Food-Importing Developing Countries, and the Decision on Measures in favour of the Least Developed Countries.

15. The special provisions for LDCs contained in the Uruguay Round Agreements, as well as in the ministerial decisions, would facilitate the integration of LDCs into the international trading system. However, they would not have the intended impact unless maximum advantage was taken of them, or specific policy measures were adopted to give them operational effect. The secretariat report contained a number of proposals for concrete actions designed to meet this objective.

16. The **Chief of the Economic and Social Policy Analysis Branch, Least Developed Countries Division**, referring to the outcome of the New York High-level Intergovernmental Meeting on the Mid-term Global Review of the Programme of Action for the Least Developed Countries for the 1990s in the context of the Working Group's session, said that the deliberations of the New York Meeting in the field of trade complemented the work of the Working Group in important respects. The Meeting had considered external trade prospects of LDCs in the aftermath of the Uruguay Round. It had recognized the continued marginalization of these countries in world trade and highlighted their trade liberalization efforts, undertaken despite many structural constraints. One of the important consensual outcomes of the

High-level Meeting was the commitment of the international community to assist LDCs expeditiously, both financially and technically, so as to allow them to benefit from the special and differential measures agreed in the Final Act of the Uruguay Round. Another major outcome was the identification of technical cooperation activities in favour of LDCs. These activities involved: (i) enhancing institutional and human capacities to comply with the new obligations arising from WTO membership, or to assist LDCs to accede to the WTO, as well as to formulate and implement future trade policy; (ii) developing and strengthening supply capabilities of tradeable goods and services and the competitiveness of enterprises; (iii) improving the micro-economic trading environment and expanding the use of new communication technologies through UNCTAD's "trade efficiency" programme; (iv) enhancing the capability of LDCs to make full use of GSP schemes; (v) supporting commodity diversification and marketing efforts; and (vi) expanding the trading and investment opportunities of LDCs.

17. The representative of **China** said that UNCTAD's role in analysing and assessing the results of the Uruguay Round and in monitoring the implementation of WTO Agreements should not be questioned. Although the Uruguay Round had established a new international order for trade, the challenges and difficulties faced by many developing countries could not be resolved in the near future and therefore UNCTAD's task in this regard would be lengthy and arduous. He hoped that the deliberations of the Group would contribute to the preparatory work for UNCTAD IX and to the institutional set-up of UNCTAD's intergovernmental machinery during the post-UNCTAD IX period.

18. With regard to the Uruguay Round Agreement on Agriculture, he said that due to the predominant position of the developed countries in world agricultural trade, the implementation of the Agreement by these countries would have an important impact on the creation of new trading opportunities for developing countries. Ten months after the entry into force of the Agreement, it was still difficult to foresee any new trading opportunity. In implementing their commitments, developed countries should take into account the trade interests of developing countries with a view to providing a fair competing environment and increasing market-access opportunities for developing countries. On the question of non-WTO members, he noted that while those countries would not benefit from the opportunities accorded by the Uruguay Round, the accession process had increased the scope and intensity of their multilateral trade obligations. Thus, developed countries, in implementing their commitments, should take into account the interests of non-WTO members so as to facilitate their integration into the international trading system.

19. As for textiles and clothing, an area of significant interest to many developing countries, he recalled that these countries had made a great contribution in terms of both tariff and non-tariff measures to the conclusion of the Uruguay Round Agreement on Textiles and Clothing. As in the case of agriculture, developed countries also had a predominant position in world textiles trade; they, therefore, had a key role to play in the implementation of the Agreement. However, no product of export interest to developing countries could be found in the list of products notified for the first stage of integration. He hoped that developed countries would take the interests of developing countries into account to speed up the integration process.

Furthermore, he urged countries to avoid resorting to the application of anti-dumping and countervailing measures on textile imports from developing countries.

20. Finally, he requested that the two background reports, UNCTAD/ITD/16 and 17, be translated into Chinese.

21. The representative of the **Russian Federation** emphasized that his country's integration into the international trading system was a strategic objective of his Government in its process of creating a market-based economy. One of the important elements of this integration would be the Russian Federation's participation in WTO. It was already in the process of acceding to that organization, and he hoped for a speedy and successful completion of the complex negotiations. He noted UNCTAD's valuable contribution of technical assistance in support of his country's accession to the WTO.

22. He underscored the importance of the full implementation of the Uruguay Round Agreements in a manner which would not have a negative impact on non-WTO members. That was one of the prerequisites for a further liberalization of world trade. He expected that the Agreements would also apply to the countries in the process of accession, which would be an important indicator of WTO's vitality.

23. He commended the secretariat's documentation for the meeting and supported its proposal for UNCTAD to conduct a continuous analysis of the implementation of the Agreements on Agriculture and on Textiles and Clothing. He noted that the latter Agreement was an obvious success of the Uruguay Round, but that it could also have negative implications, including for non-WTO members, especially from the short- and medium-term perspective.

24. Finally, he stressed the importance of the Ad Hoc Working Group's analysis of regional integration processes and their implications for trading opportunities for developing countries and economies in transition.

25. The spokesman for the **African Group** (Egypt) spoke of the importance of the Ad Hoc Working Group, which was the only Group among those created at UNCTAD VIII to focus on issues relating to trade, and of the interest of developing countries, especially the African countries, in having full information about new trading opportunities, which could be regarded as an instrument for the integration of these countries in the world economy.

26. The documents prepared for the Working Group's session included a report on the difficulties facing the developing and the least developed countries, most of which were in Africa, following the Uruguay Round. In many ways, that report was tantamount to a warning about the magnitude of the challenges ahead. The report did not cover the implications of other important Uruguay Round Agreements, such as trade-related investment measures (TRIMs) and trade-related intellectual property rights (TRIPs), for the trade opportunities of the developing countries. It was important that the implications of those Agreements should be considered at UNCTAD IX.

27. The secretariat reports concerned the quest for new trade opportunities in the wake of the Uruguay Round and an analysis of the decisions applicable to the least developed countries within the framework of the Uruguay Round

Agreements. He called upon the secretariat to make a similar endeavour in regard to the remaining items in the terms of reference, i.e. the manner in which the developing countries could be assisted in their endeavours to implement and benefit from the Uruguay Round Agreements, and particularly from the preferential treatment accorded to them. There was also a need to identify technical cooperation activities called for by those Agreements in the light of the secretariat's analysis of the results of the Uruguay Round.

28. With regard to the implications of the Agreement on Agriculture for new trade opportunities, the report suggested that the full evaluation of those implications had been impeded by the failure of countries to provide the relevant notifications. He called on the secretariat to follow up this matter closely with a view to completing the useful preliminary evaluation prepared for the Group's session. The secretariat should focus on the following topics when completing its work of the implications of the Agreement on Agriculture: the tariffication process and the imposition by developed countries of tariffs that sometimes impeded access to the products of developing countries; the possibility that the developed countries might use the special safeguards as a pretext to prevent an influx of low-cost imports from the developing countries; the rules concerning the distribution of quotas and the extent to which the developing countries could benefit from the methods that the developed countries adopted to establish these quotas; and the increasing cost of foodstuffs in the short- and medium-term as a result of the Agreement on Agriculture. For the next session, the secretariat should undertake an in-depth study on the implementation of the Ministerial decision concerning compensation for the net food-importing developing countries, as referred to in paragraph 58 of document TD/B/WG.8/3.

29. The assumption that the first stage of the Agreement on Textiles and Clothing was unlikely to provide any new opportunities for access by the developing countries to the markets of the developed countries was alarming. He called on the secretariat to follow up this matter closely with a view to identifying the opportunities that might be provided during the two subsequent stages. The reports made only very brief reference to the trade opportunities that would be available for other industrial exports of the developing countries. He hoped that this matter would be dealt with in a more comprehensive and detailed manner at the next session.

30. The challenges facing the LDCs, and particularly the African countries, after the Uruguay Round would be even greater than indicated in the reports unless the international community took effective action to help those countries. In view of the complex implications of the Uruguay Round Agreements, the secretariat should continue to monitor the effects of the Agreements on the developing countries and undertake a thorough analysis.

31. The representative of **Bangladesh**, speaking on behalf of the **least developed countries**, noted that since the Uruguay Round Agreements had yet to be fully implemented, it would take some time to assess their impact. However, it already appeared from the secretariat document that, despite the commitments in the area of agriculture, agricultural products still faced high rates of protection and subsidization. The distribution of tariff quotas would, therefore, be crucial for determining the trading opportunities available to producer countries. In the area of textiles, export opportunities could even be reduced in the short run as a result of recourse

to transitional safeguard provisions. Reductions in tariffs on products of interest to developing countries were, moreover, less significant. A matter of concern for developing countries was the erosion of preferential tariff margins. Referring again to the secretariat's documentation, he said that while the move towards greater global trade liberalization was welcomed, there was a risk of increased aggravation of the LDCs' precarious economic situation. Given the size and structure of their trade and the overall level of development and competitive strength of their economies, trade liberalization could worsen their current-account balance in the medium term. The further marginalization of the LDCs in world trade suggested that their external accounts would become harder to manage as debt-servicing capacities and capital inflows declined. The internal adjustment requirements associated with reduced investment inflows might dampen their long-term growth and development prospects.

32. The objective should be to translate into concrete action the commitment to improve the LDCs' trading opportunities, taking into account the impact of the Uruguay Round, along with their capacity to participate in an increasingly competitive global economy. A package of measures was needed to assist the LDCs to compete in world markets. These measures could include flexible application of the anti-dumping and countervailing duty provisions, safeguard measures and rules of origin. Further improvement of GSP schemes was also necessary. More favourable treatment was needed in the area of textiles, as indicated in the secretariat document. He stressed that just as goods were allowed to move freely, the export of manpower from LDCs should be allowed without any hindrance, since transition arrangements had limited impact on capacity creation for trade and production. In order to ensure increased and effective participation of LDCs in the international trading system, the provisions concerning LDCs included in the various Agreements and in some Marrakesh Ministerial Decisions must be supplemented by more concrete operational measures, even if this called for more political will. He emphasized that in order to overcome administrative, financial and structural handicaps that the LDCs faced in adjusting to the Agreements, concerted action should be taken at both the national and international levels so that those countries would not be further marginalized. Finally, the recommendations of the recent High-Level Intergovernmental Meeting on the Programme of Action for the LDCs, including UNCTAD's proposal for a "safety net", should be taken into account by the Ad Hoc Working Group.

33. The representative of the **European Union** considered it positive that the analysis of the modalities to give effect to the decisions on special provisions for the least developed countries, as contained in the Final Act of the Uruguay Round, was being taken up at the first meeting of the Ad Hoc Working Group, since there were many references to the LDCs' needs in UNCTAD documents, but only a few were devoted to the problems. As the biggest trading partner of and aid donor to the LDCs, the EU believed that an in-depth discussion of trading opportunities for LDCs was required in accordance with the Group's terms of reference. The positive outcome of the New York High-Level Intergovernmental Meeting on the Programme of Action for the LDCs, in particular as far as the trading opportunities of LDCs were concerned, was, to a large extent, the result of the EU's contribution to the negotiations. He recalled that the fundamental mission of the Ad Hoc Working Group was to "identify new trading opportunities arising from the implementation of the Uruguay Round Agreements". Accordingly, the focus of the discussion

should be on the positive effects of the Round. He also recalled that the recommendations which had served as a basis for the negotiations in New York were virtually the same as those contained in secretariat document TD/B/WG.8/3. While the results of the New York meeting showed that the EU could agree to many of these recommendations, the EU nevertheless considered that the approach in the analytical part of the document was not in line with the Group's terms of reference.

34. With regard to measures in favour of LDCs, the terms of reference of the Working Group clearly referred only to one of the Marrakesh Ministerial Decisions. This stated that the LDCs would only be required to undertake commitments and concessions to the extent consistent with their individual development, that special and differential treatment should be implemented rapidly, and that most-favoured-nation concessions on products of export interest to LDCs might be implemented autonomously in advance and without staging. The terms of reference did not allow scope for dealing with the Marrakesh decision on measures concerning the possible negative effects of the Reform Programme on LDCs and net food-importing countries. This did not, however, rule out the possibility of discussing these issues at some other level of UNCTAD's intergovernmental machinery, provided that the UNCTAD membership agreed on the method, focus and purpose of such discussion in order to ensure a balanced and useful outcome.

35. In the view of the EU, the UNCTAD trade policy model was not entirely adequate for assessing the impact of the Round, since it ignored the dynamic effects of increased income, savings and investment and the relatively long-term implementation phase of the Agreements. In this context, he referred to the reports and assessments made by FAO and the World Bank.

36. The fundamental mission of the Working Group with regard to the LDCs was to conduct an analysis on the lines suggested in paragraphs 59 to 61 of document TD/B/WG.8/3 and to undertake an in-depth study of the provisions which provided for flexibility in domestic policy options in order to address the development needs of LDCs. Furthermore, the analysis should include such positive developments as the EU's new generalized system of preferences scheme.

37. With regard to document TD/B/WG.8/2, he acknowledged that the terms of reference spoke of "particular sectors and markets", but the intention had not been to limit the work to a few sectors or markets, since the purpose of the Round certainly went beyond improved access for agriculture, textiles and clothing on the markets of the Quad countries. There was a need to identify more new trading opportunities for developing countries. In this context, he mentioned the outcome of the Lomé IV mid-term revision, which both improved the EU's import regime and placed increased stress on trade development.

38. The representative of **Switzerland** said that his intervention was aimed at presenting some of the measures and concrete proposals that his country intended to implement in order to help developing countries, in particular the least developed countries, to take better advantage of the opportunities offered by the new multilateral trading system.

39. A number of developing countries were less equipped than others to take advantage of the growth and development opportunities resulting from the globalization of markets, as well as from the implementation of the results of the Uruguay Round and the autonomous trade and investment liberalization measures adopted by individual countries. For this reason, Switzerland had undertaken a revision of its policy on cooperation for development. A first major objective was to ensure coherence between the latter and trade policy. These policies should be mutually supportive and each should aim at allowing developing countries, especially the LDCs, to derive maximum benefits from the results of the Uruguay Round.

40. Three instruments had been identified to reach this objective. The first was the reform and deepening of Switzerland's GSP scheme; the second was increased support for the UNCTAD initiative on trade efficiency; and the third related to the technical cooperation activities needed to reinforce the capacities of developing countries' administrations, in particular those of the LDCs, with regard to trade policy matters. He noted with satisfaction that the recommendations of the New York High-Level Meeting on the Programme of Action for the Least Developed Countries had confirmed and acknowledged similar priorities at the multilateral level.

41. While making reference to the variety of technical cooperation needs and the potentially numerous institutional sources of such assistance, he stressed the importance of cooperation among the various international organizations. He announced his country's intention to organize a seminar in the framework of the preparations for UNCTAD IX. The objectives of this seminar, to be held on 23 and 24 November 1995, were, on the one hand, to identify needs in the area of technical cooperation with a view to allowing the countries concerned to get the best out of the new multilateral trading system, and, on the other hand, to promote one of the objectives defined at the New York Meeting in relation to the strengthening of cooperation among the competent international organizations so as to take the best advantage of the available resources and synergies. Several relevant multilateral organizations would be invited to this seminar, and a wide participation of countries, as representative and balanced as possible, was being sought. He ended by saying that the conclusions of this seminar would be an input to the preparatory process for UNCTAD IX.

42. The representative of **Thailand** said that, as a member of WTO, her country was not opposed to food-related assistance programmes for developing net food-importing countries, since it was understood that those programmes would be implemented within the appropriate framework and commitments laid down under the Uruguay Round Agreements. However, her country also wished to state one specific and important reservation to the effect that such food-assistance programmes should not in any way distort or disrupt the normal trading pattern of net food-exporting developing countries like Thailand.

43. The representative of **Uruguay**, speaking on behalf of the **MERCOSUR countries** (Argentina, Brazil, Paraguay and Uruguay) and **Chile**, said that the terms of reference of the Working Group were sufficiently explicit on what was expected from the secretariat, i.e. an analysis by market and by product of opportunities in the new international trading context. A fresh and creative approach was expected, since a comprehensive assessment of the Round had

already been made by the secretariat in the Trade and Development Report, 1994. The MERCOSUR countries had assessed the Round in a more positive manner than that presented in document TD/B/WG.8/2.

44. With regard to agriculture, the benefits of its integration into GATT disciplines and the ensuing impact on the conditions for agricultural production were of inestimable value. That point was not clearly made in the secretariat's document, which also failed to mention the clear trading opportunities for high-value-added agricultural products. The limited results attained in terms of commitments for the reduction of domestic support and export subsidies mentioned in the secretariat's document should not be taken in isolation but assessed in the wider context of the strengthening of disciplines as from 1999. The resulting predictability for the sector would clearly contribute to improving its competitivity. The opportunities from tariffication with regard to the GSP lessened in value because, in his view, it was a "false choice" between such proposals and those formulated in the document dealing with LDCs. While the countries that he represented were supportive of the serious efforts aimed at improving the special situation of the LDCs, he considered that solutions which reinforced common interests should be sought without showing up eventual differences.

45. With regard to textiles, while recognizing that the MFA integration might not bring about any immediate trade liberalization, the secretariat's analysis did not respond to the objective of identifying concrete trading opportunities for developing countries. The complementarity between UNCTAD and the WTO should lead the former to assist developing countries in finding such opportunities and the latter to deal with the implementation of the Round Agreements. Turning to industrial products, rather than a qualitative analysis, what was needed was a study comparing developing countries' export structure with the developed countries' most significant concessions. This could have led to an indicative list of opportunities, from which elements for technical cooperation could be drawn. A new approach in this field would have been to analyse trading opportunities among developing countries, and between these and the LDCs. The secretariat's proposal for a continuous analysis with regard to the implementation of the Agreements on agriculture and textiles did not compensate for the lack of identification of concrete trading opportunities.

46. Turning to item 4 of the agenda, he stressed that the MERCOSUR countries and Chile were fully committed to the letter and spirit of the Marrakesh decisions regarding the LDCs and the net food-importing developing countries. Discussion on this issue needed factual analyses on a solid basis, viable proposals and the avoidance of politicization. With regard to the double impact of the Round on the LDCs, combining tariff reductions with the possible increase of food prices was methodologically not correct, since this would automatically assimilate two categories of countries which were different in nature and were the object of two different decisions. With regard to tariff reductions affecting LDCs, it would be more appropriate to look at the deepening of the present preferences, the inclusion of new ones following the tariffication in agriculture, and the comparison of the LDCs' export structure with concessions of developed countries and those of other developing countries. With regard to losses incurred by LDCs due to the increase in food

prices, he referred to studies by other international organizations whose results differed from those of the secretariat, and said that the estimated losses shown in the secretariat document needed to be more fully documented.

47. It was important to put into effect the measures which were deemed necessary to make the Marrakesh decisions operational. Some of the proposals in the document were appropriate, to the extent that reinforcing the Food Aid Programme was in conformity with the budget of that Programme and as far as no attempt was made to modify the spirit of that text or of the Agreement on Agriculture. This would require eligibility conditions in the context of the decision on net food-importers developing countries to be defined. The issue raised in the secretariat document should now be taken up in the Committee on Agriculture of the WTO. The competence of the Bretton Woods institutions and of FAO should also be kept in mind. With regard to the specific decision on the LDCs, UNCTAD, with the support of the developed countries, should exploit its comparative advantage in the field of technical cooperation. The proposals contained in paragraph 66 of the document should become an important element of the next session of the Group.

48. The representative of **Ethiopia** said that the LDCs were being increasingly marginalized due to the erosion of the GSP and African, Caribbean and Pacific (ACP) schemes, and, at the same time, they were unequipped administratively and technically to benefit fully from the provisions of the Uruguay Round Agreements. He expressed concern about the problem of unequal income distribution at the national level which could result from the implementation of the Agreements. The LDCs lacked resources to provide assistance to workers in vulnerable sectors. There was widespread agreement that the LDCs were particularly exposed to the negative effects of the Uruguay Round and deserved special attention, including a "safety net" of measures designed to mitigate these effects. In this respect, he fully endorsed the "safety net" programme envisaged in the secretariat's document, and further suggested that the outcome of the New York Mid-term Review of the Programme of Action for the LDCs be incorporated into the final document of the Working Group's session.

49. The representative of **Cuba** stressed the importance of analyses of trading opportunities resulting from the implementation of the Uruguay Round Agreements for developing countries which, like his own country, were highly dependent on external trade. While observance of the letter and spirit of the provisions of the Agreement on Agriculture should contribute to the expansion of trading opportunities, some negative effects of the tariffication process had already been noticed. With regard to non-tariff measures, he expressed concern about the increase in the application in recent years of quantitative restrictions, "grey area" measures and anti-dumping or countervailing duty measures, which had considerably limited access to the industrialized country markets of products of special interest to developing countries. He considered that tariff escalation affecting tropical industrial products and other products at the final stage of processing was another negative tendency that should be reversed.

50. Improved access conditions and new trading opportunities might result from the improvement of the present GSP schemes through the extension of their coverage to agricultural and textile products and the widening of preferential margins for products already covered by them. A similar result might be obtained if the reduction or elimination of non-tariff measures, in the

context of the special and more favourable treatment for developing countries, was contemplated in the preferential schemes. The extension of such possibilities to products of the medical and pharmaceutical industry should be considered.

51. Recalling the active contribution of developing countries to the Uruguay Round negotiations, he said that, in spite of the interest of these countries in taking advantage of the new trading environment, opportunities leading to concrete benefits were scarce, and this situation needed to be reversed. In the case of Cuba, trading opportunities were limited by the economic, commercial and financial embargo unilaterally imposed by the United States. This situation might be exacerbated by new measures that would hinder Cuban trade with third countries, such as those contained in the Helms-Burton Bill, whose extraterritorial character was challenged by many countries. Cuba would, nonetheless, continue to exert its utmost efforts to ensure that the principles and undertakings of the multilateral trading system were fully observed.

52. The representative of **China** said that, given the weakness of the LDCs' economy and the small volume of their trade, which was mainly concentrated on the export of low-value-added products, the erosion of the GSP preferential tariff margins as a result of the Uruguay Round tariff reductions could have a serious negative effect on these countries. In this regard, the special provisions for the LDCs in the Uruguay Round Agreements should facilitate their economic and trade development, as well as their integration into the international trading system. As to the key problem of how to translate the relevant commitments into concrete actions, while the LDCs should achieve their economic development and prosperity through their own efforts, differential and more preferential treatment should be granted to them in implementing the Uruguay Round Agreements. At the same time, financial and technical assistance for the LDCs was also necessary. Regular examination and evaluation in the light of the particular needs of the LDCs should also be carried out at the international level, as such extensive and comprehensive analysis would contribute to the finalization of concrete actions with a view to helping the LDCs to strengthen their competitiveness, as well as to enable them to seize new trade opportunities, and thus prevent them from being further marginalized. He expected that UNCTAD's work on LDCs would continue in the new international trade context in accordance with the recommendations adopted recently at the New York High-Level Ministerial Meeting on LDCs.

53. The representative of **New Zealand** expressed a substantially positive view of the Uruguay Round results and in particular the fact that agriculture had finally been brought into the multilateral trading system was an important achievement which would yield benefits to both developed and developing countries. The Agriculture Agreement constituted an important first step in establishing a binding standstill and roll-back of protectionist measures in this sector and provided a good basis for further negotiations aimed at more meaningful liberalization and reform in agriculture, as noted in secretariat document TD/B/WG.8/2. That document also pointed out the importance of implementation issues in delivering the actual benefits of some of the provisions secured during the Uruguay Round. Her country was very much aware of the need to pay close attention to the manner in which countries were implementing their commitments to ensure that newly created opportunities

achieved during the negotiations were not diminished. An important aspect that had not been incorporated into some assessments of the Uruguay Round was its dynamic effects.

54. Regarding agenda item 4, she said that the lack of concrete information after only three months of implementation of the Uruguay Round agriculture commitments meant it was too early to be able to make accurate assessments of the impact of the Uruguay Round. More analysis would be needed of the actual documented outcomes of the Round. In the content of the work of the Ad Hoc Working Group, this analysis should focus on identifying trade opportunities arising from these results, particularly for developing countries. The need to distinguish between Round outcomes and normal market fluctuations caused by other factors should be kept in mind.

55. The ongoing work to give effect to the special provisions for developing and least developed countries should be continued on the basis of solid information on actual documented outcomes, and practical and pragmatic ways had to be found to utilize the full range of existing programmes available in international organizations. Technical assistance was one area that needed to be examined, along with the elimination of tariff escalation. The importance of moving further towards open markets and increased liberalization should be kept in mind.

56. The representative of **Australia** expressed his country's strong support for the Ad Hoc Working Group, in that it represented a central activity of UNCTAD and was particularly important in building the links between trade and development. The most valuable and enduring outcome of the Uruguay Round had been the increased competitive environment globally, and it was this environment that presented opportunities. At the same time, the need for assistance to developing countries, particularly LDCs, could not be denied. Trade could only take place once opportunities were identified, markets and reputations developed, and an exporting community created to take advantage of these opportunities. The latter was a national priority. UNCTAD could help with the identification of opportunities, and the secretariat's work was most useful in this regard. UNCTAD could also provide technical cooperation for export marketing and promotion. But without an exporting community no trade would occur. For this, government policies were crucial. He called on the Working Group to give more attention to this task.

57. The representative of **Bangladesh**, referring to the suggestion that the discussion should be limited only to trading opportunities, said that other related issues, difficulties and problems should not be ignored in order to have a balanced approach leading to logical conclusions. Constructive debate, taking into account all relevant aspects of the agenda items, should be encouraged for the benefit of all concerned.

58. The representative of **Mexico** said that the documentation prepared for the meeting formed an adequate basis for the discussions and represented progress in the fulfilment of the tasks entrusted to the Working Group. The Uruguay Round Agreement on Agriculture constituted the appropriate framework for attaining liberalization of world trade in agricultural products. He considered, however, that complementary measures were needed in order to attain the full liberalization of trade. In this regard, it was necessary to circulate in a broader manner the lists of products with tariff quotas

established by the major importers, and to increase efforts and support geared to the accession of non-member developing countries to the WTO, so that they could be entitled to enjoy the benefits of the Agreement on Agriculture.

59. With regard to the textile sector, market access opportunities would be increased following the implementation of the Agreement on Textiles and Clothing. He nevertheless considered that further efforts should be made in order to enhance transparency, security and predictability with regard to the access of developing countries to world markets for textiles and clothing. Moreover, it was also necessary to improve the conditions specified in the Round to achieve a better access of industrial products to the markets of developed countries.

60. Turning to item 4 of the agenda, he said that complementary measures in favour of the least developed countries were needed so that the results of the Round did not aggravate their precarious economic condition. Concrete measures should be adopted to enable these countries to compete in world markets, through the utilization of the possibilities afforded by the preferential treatment currently in force. Technical assistance should be provided to the least developed countries with a view to making possible their participation in ongoing and future multilateral trade negotiations so that they could take advantage of the benefits derived from improvements in the multilateral trading system. He supported the view that the situation of the LDCs should be closely watched, making possible a more precise assessment of the effects of the implementation of the Round on these countries. Country studies would be suitable for this purpose.

61. Finally, the Working Group should take into account the work undertaken in other international organizations. It would be convenient in this regard to analyse the results of the recent High-level Meeting on the Programme of Action for the LDCs held in New York.

62. The representative of **Hungary** said that the mandate of the Working Group was a negotiated text that was reasonably specific in defining the common requirements of the member States of UNCTAD. He was therefore surprised that the secretariat had not focused on the identification of new trading opportunities arising from the implementation of the Uruguay Round Agreements in document TD/B/WG.8/2. Although his delegation shared the assessment of the results of the Uruguay Round expressed by the representatives of Australia, New Zealand and Uruguay on behalf of MERCOSUR and Chile, it was a source of concern that the secretariat assessed the Agreements, derived general conclusions, proposed further work for UNCTAD and made policy statements on the results of the Round. The secretariat had also proposed that UNCTAD should become involved in the supervision of the implementation and interpretation of these Agreements. These tasks fell outside the mandate of the Working Group, bearing in mind the previous deliberations of the Board and the preparatory work for UNCTAD IX, and most of them were excluded even from the mandate of UNCTAD.

63. Finally, quoting from paragraph 90 of the report which stated that "... developing countries and countries in transition, especially the least developed among them, may lack the institutional and administrative capacity to identify the specific opportunities at the country level and assess the impact of actions taken within the framework for the Agreements", he said that

the secretariat seemed to be introducing new terminology with its reference to "economies in transition, especially the least developed among them". The country coverage of the report had been well defined in the terms of reference. He also strongly objected to the fact that the report seemed to question the institutional and administrative capacity of countries such as his to identify the specific opportunities arising from the Uruguay Round and to assess the impact of actions taken within the framework for the Agreements.

64. The representative of **Egypt** said that he did not share the view expressed by the representative of the European Union that the terms of reference limited the scope of the Working Group's work to the "decision on measures in favour of LDCs" referred to in the terms of reference as the "decision on special provisions". This form of language might be vague or inaccurate, but even if the intended reference was to that specific decision, he believed that it was difficult to address it without dealing with the various agreements of the Uruguay Round, since the decision referred in various places to the special provisions accorded to LDCs. He also did not share the view of the EU that the Group should focus its discussion on the positive effects of the Round. He added that the Uruguay Round Agreements were in force, and since they were quite complex, the Working Group should focus on how to implement these Agreements, how to make the most out of them and how the developing countries could best deal with the transitional periods.

65. The representative of **Bangladesh**, speaking on behalf of the least developed countries, pointed out that the Uruguay Round Agreements in the long run would have an impact on the entire global economy, though some countries would face more hardship than others. Unfortunately, because of their structural inadequacies, the LDCs were least equipped to overcome such difficulties. In his view, the secretariat document TD/B/WG.8/3 had accurately portrayed the situation, although more substance could be added to further analysis without reaching significantly different conclusions. He emphasized that the LDCs had made a big step in joining the international trading system and they would, without doubt, derive benefits from the post-Uruguay Round system; but, in order to face the global competition, they needed the support of the international community to overcome infrastructural deficiencies. This included the development of human resources and export capabilities in service sectors.

66. The successful emergence of LDCs from the poverty trap would be equally beneficial for both developing and developed countries, because it would create new attractive export markets. The secretariat's efforts should make the LDCs better equipped to improve their trading performance. The suggestions made in paragraphs 65 and 67 of the secretariat document should be fully implemented, including the suggestion concerning the "safety net".

67. The representative of the **United Republic of Tanzania**, referring to item 4, said that the situation faced by LDCs called for special attention and positive measures to facilitate the expansion of their trading opportunities. Some Uruguay Round Agreements allowed LDCs a longer period of time within which to comply. However, this time was relatively short compared to the time required to build up adequate production and export infrastructures. This was particularly true of the institutional and human resource capacities which would have to be created before LDCs could take advantage of the relevant provisions of the Agreements. The implementation of the decision on measures

in favour of LDCs would depend considerably on political will and constant monitoring, as well as on the provision of relevant technical assistance to LDCs.

68. The Working Group should take into account all areas identified by the UNCTAD secretariat in view of the complexities of the international trading system. Particular attention should be given to the development of human resources in LDCs to enable them to cope with the competitive trading environment, new technologies and other emerging challenges. With regard to appropriate follow-up actions, he mentioned the need to complement the global assessment of the impact of the Uruguay Round results with individual country assessments so that the international community could adopt targeted measures, and to monitor constantly the actual impact of the Uruguay Round Agreements on the LDCs. He also hoped that UNCTAD IX would contribute towards translating the decision of the Marrakesh Ministerial Meeting regarding LDCs into concrete action.

Proceedings of the closing plenary

69. At the Working Group's 6th (closing) meeting, on 13 October 1995, the **Chairman** introduced a Chairman's summary of the Group's discussions. In so doing, he noted that the Bureau had recommended that the outcome of the work of the Ad Hoc Working Group's first session should take the form of a Chairman's summary, on the understanding that the results of the Working Group's discussions on all substantive items at its two sessions would be reflected in the form of agreed conclusions and/or recommendations of the Group and incorporated into its final report to be adopted by the end of the second and last session.

70. The representative of **Japan** said that the Chairman's summary did not fully reflect a number of points which he thought had been agreed upon in the Bureau.

71. The representative of **Switzerland** noted that the Chairman's summary was not binding on delegations. His delegation had particular problems with paragraph 10 of the summary, and it would not be in a position to accept the summary as a basis for future consideration of any proposals that might be drawn from the text.

72. The representative of **Bangladesh**, speaking on behalf of the **least developed countries**, said that the least developed countries had decided to accept the Chairman's summary as a compromise, and they were therefore extremely surprised that some delegations were raising objections, particularly with regard to paragraph 10, the elements of which had been agreed to at the Mid-term Global Review of the Programme of Action for the Least Developed Countries which had just been completed in New York. To reopen questions of substance now would create difficulties.

73. The representative of **Ethiopia** said that it was not the right moment to take up matters of substance. The Chairman's summary would have been more useful if the European Union and Japan had not from the very outset opposed suggestions that would have been in the interests not only of the least developed countries but also of all countries.

74. The representative of the **European Union** said that the Working Group's discussions had highlighted the fact that there was a disagreement among the members of the Group about the Group's objective. The Group's terms of reference had been approved by the Trade and Development Board, and everyone should respect them. When the European Union had decided to participate in the Group, it had done so on the understanding that the Group would devote its time and efforts to its work programme and nothing else. Unfortunately, from the outset the Group's discussions had been directed towards issues which the European Union had not agreed to discuss in the Group. The session had been devoted to negative effects that might result from the Uruguay Round, and while there was indeed a need to examine and assess those effects, the Working Group was not the appropriate forum. Negative effects could materialize even if no action was taken at all, while positive effects could only be realized if new opportunities were seized. Thus, if nothing was done, the chances were that the negative effects would outweigh the positive ones, and that was why it was disappointing to see such a lack of interest in identifying positive effects. The Chairman's summary had been drawn up under the sole responsibility of the Chairman and was therefore not binding. The European Union could not agree to use the summary as a basis for the consideration of any recommendations that might constitute the outcome of the Group's second session.

75. The representative of **Uruguay**, speaking on behalf of the **MERCOSUR countries** and **Chile**, reiterated their support for the work of the Ad Hoc Working Group and emphasized the need to carry out its mandate fully. The results of the Uruguay Round, especially in matters of market access, should be viewed as a challenge to which the developing countries should prepare to respond adequately in order to take advantage of the newly created opportunities.

76. With regard to the Chairman's summary, paragraph 4 indicated that net food-importing developing countries could be granted priority in the allocation of subsidized exports. That issue required more thorough examination in order to ensure that it did not become a means of evading the commitments on reduced export subsidies granted in the Uruguay Round. In analysing the situation of the net food-importing countries, due account must be taken of the interests of food-exporting developing countries, avoiding inter alia any kind of distortion in their trade flows. Any theoretical analysis of the impact of the Agreement on Agriculture must be undertaken on a sound basis to prevent ambiguous conclusions being drawn.

77. The Chairman's summary mentioned certain issues, for example at the end of paragraph 5, on which there was no agreement in the various forums in which they were under discussion and on which the Working Group would therefore not be in a position to reach consensus conclusions. In that connection, it was his understanding that the Chairman's summary had been presented solely under the Chairman's own responsibility and that the objective of reaching agreed conclusions at the second session must be viewed as a separate exercise based on a qualitatively different approach.

78. The spokesman for the **Asian Group** (India) said it was clear that some members of the Ad Hoc Working Group had strong reservations about the utility of the Group and were determined to restrict the role of the Group to mere utopianism. The Group's mandate was delicately balanced and left little scope

for amplification or even for realistic interpretation. With regard to the work of the Group at its first session, the Asian Group could accept the Chairman's summary.

79. The Uruguay Round agreements had been signed in good faith and with a feeling of hope. To realize these hopes, UNCTAD must help developing countries to see how best to benefit from the new opportunities created. If these new opportunities were not there or were likely to arise only in the distant future, developing country policy-makers must know so as to plan accordingly. Trading opportunities had to be meaningful and attainable within the limited capabilities of developing countries. If they were not, the possibilities of benefiting from the Uruguay Round agreements would be few and far between. Developing countries were aware of the increased need for competitiveness, but a supportive international environment was essential. The secretariat reports showed that new trading opportunities, though there, might not all be immediately at hand, and the task of the Group was to identify them, underlining the constraints fully and dispassionately.

80. The Asian Group therefore expected UNCTAD, in connection with the second session of the Working Group, to undertake an assessment of the effects of the Uruguay Round on all developing countries, providing a qualitative assessment of gains and losses. Only UNCTAD could assist developing countries through its role as a think tank. Identifying new trading opportunities should not be an exercise in wishful thinking; it was important to be aware of the negative side of the implementation of the Uruguay Round agreements as well.

81. The representative of **Thailand** said it was rather disappointing that the Chairman's summary did not reflect certain points of view that had been put forward. Thailand wished to express a particular reservation concerning the last sentence of paragraph 4 and the idea that net food-importing developing countries should be given priority in the allocation of subsidized exports. The way in which the Working Group approached this issue must fall well within the appropriate framework and parameters of the Uruguay Round agreements. Any attempt to deviate from the WTO-prescribed objectives and principles which had been created to protect the rights and obligations of all WTO members - and not just one particular group of countries - would not be acceptable to Thailand.

82. The representative of the **United States of America** said that the Chairman's summary could not serve as the basis for any recommendations or actions that might be approved by the Group at its second session.

83. The representative of **Norway** said that the Chairman's summary represented personal observations and could not serve as the basis for future actions or recommendations by the Group. It would be useful for the Working Group to focus more on the positive effects for developing countries of the conclusion of the Uruguay Round agreements and the establishment of the WTO. Negative effects were liable to occur if the reasons for their existence were not dealt with promptly, but positive effects could only occur if opportunities were actively sought. That was the rationale behind his country's decision to contribute $2.5 million to a fund administered by WTO to help LDCs in particular to participate in post-Uruguay Round trade and in the WTO.

84. The representative of **Australia** said that it was important not to lose sight of the reason why the Working Group had been set up, namely to identify new trading opportunities created as a result of the Uruguay Round. The Uruguay Round had established a new set of agreements and a new organization, and there was nothing UNCTAD could do to undo those agreements. There was also no point in trying to anticipate something that might not occur. Finally, the Chairman's summary was a record of the session and did not represent a basis for any future events.

85. The representative of **Bangladesh**, speaking on behalf of the **least developed countries**, said that many members of the Working Group seemed not to be aware of the background to the Uruguay Round agreements. The authors of the Uruguay Round agreements had agreed to special provisions for the least developed countries precisely because they had felt that those countries would face problems in connection with the implementation of the agreements. It was to be hoped that the Working Group would be able to proceed on the basis of the Chairman's summary at its next session, and he was confident that the Working Group would be able to reach a good understanding at that session.

86. The representative of **China** said that, since trade was so important for developing countries, identifying new trading opportunities was not simply an intellectual exercise; it represented a real chance to achieve something concrete. The practical question was: were there any new opportunities and, if so, how could developing countries make the best of them.

Action by the Ad Hoc Working Group

87. The **Ad Hoc Working Group** took note of the Chairman's summary and decided to annex it to its report (for the text of the summary, see annex I).

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

88. The first session of the Ad Hoc Working Group on Trading Opportunities in the New International Trading Context was opened on 9 October 1995 at the Palais des Nations, Geneva, by Mr. R. Ricupero, Secretary-General of UNCTAD. (For the opening statement made by the Secretary-General, see the introduction).

B. Election of officers

(Agenda item 1)

89. At its 1st (opening) plenary meeting, on Monday, 9 October 1995, the Ad Hoc Working Group elected its officers, as follows:

Chairman:	Mr. Seung Ho	(Republic of Korea)
Vice-Chairmen:	Mr. M. Zewdie Michael	(Ethiopia)
	Ms. V. Fonseca	(Venezuela)
	Mr. W. Prodjowarsito	(Indonesia)
	Mrs. J. Wright	(United Kingdom)
	Mr. S. Mikhnevich	(Belarus)
Rapporteur:	Mr. M. Nishioka	(Japan)

C. Adoption of the agenda and organization of work

(Agenda item 2)

90. Also at the opening plenary meeting of its first session, the Ad Hoc Working Group adopted the provisional agenda for the session (TD/B/WG.8/1). The agenda was thus as follows:

1. Election of officers

2. Adoption of the agenda and organization of work

3. Identification of new trading opportunities arising from the implementation of the Uruguay Round Agreements in selected sectors and markets

4. Analysis of the modalities to give effect to the decision on special provisions for the least developed countries as contained in the Final Act of the Uruguay Round

5. Provisional agenda for the second session of the Ad Hoc Working Group

6. Other business

7. Adoption of the report of the Ad Hoc Working Group to the Trade and Development Board

D. Provisional agenda for the second session of the Ad Hoc Working Group

(Agenda item 5)

91. At its sixth (closing) plenary meeting, on 13 October 1995, the Ad Hoc Working Group approved the draft provisional agenda for its second session (TD/B/WG.8/L.2). (For the provisional agenda, see annex II.)

E. Adoption of the report of the Ad Hoc Working Group to the Trade and Development Board

(Agenda item 7)

92. Also at its sixth plenary meeting, the Ad Hoc Working Group adopted the draft report on its first session, subject to any changes that delegations might wish to make to the summaries of their statements, and authorized the Rapporteur to complete the text of the report in the light of the proceedings of the closing plenary.

Annex I

CHAIRMAN'S SUMMARY*

1. The Ad Hoc Working Group on Trading Opportunities in the New International Trading Context met in its first session from 9 to 13 October 1995. In accordance with its terms of reference and the agreed conclusions of the forty-first session (first part) of the Trade and Development Board, the Ad Hoc Working Group devoted its attention at its first session to: (i) identifying new trading opportunities arising from the implementation of the Uruguay Round Agreements in selected sectors (i.e. agriculture, textiles and clothing and other industrial products) and markets (agenda item 3); and (ii) analysing modalities to give effect to the decision on special provisions for the least developed countries as contained in the Final Act of the Uruguay Round (agenda item 4).

2. The issues considered by the Ad Hoc Group were reflected in the secretariat's reports: documents TD/B/WG.8/2 and Add.1, and UNCTAD/ITD/16 on agriculture, document UNCTAD/ITD/17 on textiles and clothing, and documents UNCTAD/ITD/Misc.37 and TD/B/WG.8/3 and Add.1. The Group also benefited from the inputs of experts from relevant international organizations and other institutions which had been invited to share their views with the Group. This analysis was supported by a presentation of the UNCTAD TRAINS database which permits à more detailed identification of opportunities at the tariff-line level.

3. In its discussion under agenda item 3, the Ad Hoc Working Group recognized that the results of the Uruguay Round presented specific and significant increases in global trading opportunities including in many sectors, both agricultural and industrial, of interest to developing countries. The conversion of non-tariff barriers into tariff rates, and the binding of all tariff rates in the agricultural sector, combined with the reduction of export subsidies and domestic support, constituted a binding standstill and roll-back commitment and provided a firm basis for the continuation of the process to an open, market-based world agricultural economy. Furthermore, the Agreement on Textiles and Clothing provided a mechanism for the phasing-out, within a fixed time-frame over a 10-year period, of the discriminatory and restrictive regime of the MFA that had distorted world trade in textiles and clothing for over three decades. The positive long-term impact of these commitments was enhanced by strengthened multilateral disciplines on the use of non-tariff measures and the elimination of "grey area" measures by the Agreement on Safeguards.

4. However, any assessment as to how developing countries and interested countries in transition could benefit from the overall opportunities would have to take into account a number of elements. These include less-than-average tariff reductions, tariff peaks and tariff escalation in a number of the sectors of interest to developing countries, prohibitively high tariff rates in those agricultural products subject to tariffication, and the

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* For the proceedings of the closing plenary, see para. 69-87 of the report.

postponement of the integration into the GATT 1994 of the textile and clothing products of interest to developing countries to a very late stage. The tariff quota system and the commitments for the reduction of domestic support and export subsidization in the agricultural sector, and the integration programme for textiles and clothing, leave considerable room for manoeuvre for Governments in implementing their commitments. Developing country opportunities could be enhanced if policy measures were applied in a liberal manner, within the parameters of the commitments. For example, the mechanisms for the allocation of tariff quotas should be applied in a fair and transparent manner, the special and transitional safeguard provisions should be applied sparingly, and net food-importing developing countries should be given priority in the allocation of subsidized exports.

5. Non-WTO members, although they might also benefit from the tariff reductions, would face significant difficulties if they were excluded from the tariff quota system in agriculture and from the integration programme for textiles and clothing.

6. The continuous analysis of trading opportunities presented by tariff reductions and by the operation of the mechanisms provided by the Agriculture and Textiles and Clothing Agreements was necessary if developing countries and interested countries in transition were to benefit fully from such opportunities. Therefore, close attention should be paid to the practical details of the implementation of the Agreements.

7. In order to identify trading opportunities in a more concrete manner, a greater additional effort should be made to relate the concessions of the developed countries to the supply capacity and export interests of developing countries and the least developed countries, with a view to enabling them to benefit from these opportunities. Studies should also examine other agreements such as the Sanitary and Phytosanitary Agreements and those on trade-related investment measures (TRIMs), trade-related intellectual property rights (TRIPs) and trade in services (GATs).

8. In addition to the above-mentioned process of analysis, technical assistance was required at the country level to assist individual countries to make full use of the opportunities presented by the Uruguay Round Agreements, including strengthening their institutional and administrative capacities. Non-WTO countries should be assisted in the accession process. In this regard, it was noted that the representative of Switzerland had announced his Government's intention to host a special seminar the following month (23-24 November 1995) in the framework of preparations for UNCTAD IX. The aim of the seminar would be to identify the technical cooperation requirements needed following the conclusion of the Uruguay Round and to strengthen the cooperation of the relevant international organizations in the conception and delivery of assistance.

9. In the discussion under item 4, a number of different findings with respect to the impact of the Uruguay Round Agreements on the prices of foodstuffs imported by developing net food-importing and least developed countries were presented to the Ad Hoc Working Group by the secretariat and the representatives of other international organizations. A view was expressed that this issue fell outside the mandate of the Ad Hoc Working Group, as laid out in paragraph 3 of its terms of reference. Others

considered that it was necessary to assess the difficulties facing the least developed countries based on careful and solid analysis and to elaborate in further detail the remedial measures foreseen in the Marrakesh Decision so as to translate them into concrete action.

10. The discussion also focused on the possible actions, as components of a "safety net" package of measures, that could be taken to assist the least developed countries to confront the problems of adjustment to the post-Uruguay Round trading system, and to avoid further marginalization. It was noted that the High-level Meeting on the Mid-Term Global Review on the Programme of Action for LDCs had just concluded in New York and that its outcome was of direct relevance to the work of the Ad Hoc Working Group under this item. Elements of this outcome could be incorporated into the final report of the Group. These elements include the need for: financial resources that are required to strengthen export capacities, to develop skills and to overcome infrastructural deficiencies; the flexible application of anti-dumping and countervailing duty provisions, safeguard measures and rules of origin; more favourable treatment in market access in the area of textiles and in the improvement of the generalized system of preferences (GSP); facilitating the export of manpower; and financial aid, measures to improve access to technology and assistance to develop incentive schemes to promote foreign direct investment (FDI) in the LDCs.

11. It was suggested that further work in UNCTAD to assist the least developed countries in this respect could focus both on identifying the opportunities for, and concretizing the special provisions in favour of these countries, as well as on devising appropriate government policies aimed at the creation of an "exporting community" which could take advantage of these opportunities. There was also a need for assistance in strengthening their institutional and negotiating capacities and human resources.

Annex II

PROVISIONAL AGENDA FOR THE SECOND SESSION
OF THE AD HOC WORKING GROUP

1. Adoption of the agenda and organization of work

2. Enhancement of the understanding of the implications of the new rules deriving from the Uruguay Round agreements and their follow-up, and identification of where and how developing countries and economies in transition concerned could be assisted to:

   (a) make use of the special clauses of the Final Act providing differential and more favourable treatment; and

   (b) implement and benefit from the commitments undertaken

3. Identification of areas in which technical cooperation should be strengthened

4. Other business

5. Adoption of the final report of the Ad Hoc Working Group to the special session of the Trade and Development Board.

Annex III

MEMBERSHIP AND ATTENDANCE 1/

1. The following States members of UNCTAD were represented at the sessi

Algeria
Argentina
Australia
Austria
Bangladesh
Belarus
Brazil
Chile
China
Colombia
Costa Rica
Cuba
Czech Republic
Democratic People's Republic of Korea
Egypt
Ethiopia
Finland,
France
Germany
Ghana
Greece
Honduras
India
Indonesia
Iran (Islamic Republic of)
Iraq
Italy
Jamaica
Japan
Kenya
Lebanon
Madagascar
Malaysia
Mexico
Netherlands
Nigeria
Norway
Panama
Peru
Philippines
Poland
Republic of Korea
Russian Federation
Singapore
Slovakia
Sri Lanka
Sudan
Sweden
Switzerland
Thailand
The Former Yugoslav Republic of Macedonia
Tunisia
Turkey
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Venezuela
Viet Nam

2. The following other States members of UNCTAD, were represented as observers at the session:

Angola
Bolivia
Ecuador
El Salvador
Mauritius
Nepal
Nicaragua
Qatar
South Africa
Spain
Trinidad and Tobago

1/ For the list of participants, see TD/B/WG.8/INF.1.

3. The following specialized agencies were represented at the session:

Food and Agriculture Organization of the United Nations
International Monetary Fund
United Nations Industrial Development Organization

The World Trade Organization was also represented.

4. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States
Arab Labour Organization
Caribbean Community
Commonwealth Secretariat
European Community
League of Arab States
Organization of African Unity

5. The following non-governmental organizations were represented at the session:

General Category

International Chamber of Commerce
International Council of Environmental Law
World Federation of United Nations Associations

EXPERTS

Mr. P. KONANDREAS, Senior Economist, Commodities and Trade Division, Food and Agriculture Organization of the United Nations
Mrs. P. SORSA, International Monetary Fund
Mrs. PILLININI, World Trade Organization